

Jean S. Phillips, Deputy Administrator

Authorized Signature
**Number:** DMAP IM-09-121

**Issue Date:** 09/25/2009

**Topic:** Medical Benefits

**Subject:** Provider announcement: Rate reduction on fee-for-service client prescriptions

**Applies to (check all that apply):**

- |  |   |
|--|---|
| <input type="checkbox"/> All DHS employees             | <input type="checkbox"/> County Mental Health Directors   |
| <input type="checkbox"/> Area Agencies on Aging        | <input type="checkbox"/> Health Services  |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Seniors and People with Disabilities   |
| <input type="checkbox"/> County DD Program Managers    | <input checked="" type="checkbox"/> Other (please specify): DHS staff and others identified on the SPD, CAF, AMH and DMAP transmittal lists |

**Message:**

A Provider Announcement will be posted to the OHP Web site telling DMAP pharmacists and prescribing providers about a rate reduction on prescriptions for OHP fee-for-service clients. The reduction is effective October 2, 2009.

The rate reductions are a result of a US District Court's settlement order. For more information, please refer to the attached announcement.

The rate reduction does not require action from branch staff.

*If you have any questions about this information, contact:*

<b>Contact(s):</b>	DMAP Provider Services		
<b>Phone:</b>	1-800-336-6016		
<b>E-mail:</b>	<a href="mailto:dmap.providerservices@state.or.us">dmap.providerservices@state.or.us</a>		

As a result of the US District Court's First DataBank settlement order, beginning Friday, October 2, 2009, pharmacy reimbursements will be reduced for prescriptions filled for OHP fee-for-service clients. Oregon was not a party to the lawsuit; however, CMS must approve any change to the use of the AWP rates with prescriptions filled for OHP's fee-for-service (open-card) clients.

### **Fee-for-service clients**

Approximately 25 percent of OHP clients receive benefits and services from non-managed care providers.

The reimbursement changes affecting Oregon Health Plan fee-for-service clients are as follows:

- First DataBank will reduce **Blue Book Average Wholesale Prices (AWP)** on 1,400 National Drug Codes (NDCs) by approximately five percent.
- In addition to the settlement, First DataBank announced it will voluntarily apply the same 1.20 mark-up factor to all other NDCs when the "Wholesale Acquisition Cost (WAC)" or "Direct Price" mark-up is in excess of 1.20.

### **Managed care clients**

The majority of OHP client services are delivered through managed care plans that are at risk for their pharmacy benefits and use their own Pharmacy Benefit Managers (PBM).

Plan services are delivered through their individual contractual arrangements, therefore it is possible there will be situations when the rate adjustment is applied for some OHP clients and not for others, according to the client's plan enrollment.

### **AWP Blue Book to discontinue**

First DataBank announced it will stop publishing the Blue Book AWP no later than September 2011.

DMAP will review potential options as a successor to AWP pricing methodology to meet the needs of our valued pharmacy provider network and the agency. We will ask for stakeholder participation as these options are developed.

---

### **Questions?**

If you have any questions, contact DMAP Provider Services toll-free at 1-800-336-6016, or send an e-mail to [dmaprxquest@state.or.us](mailto:dmaprxquest@state.or.us).